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On Behalf of the National Low Income Housing Coalition

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Subcommittee on Housing and Community Opportunity
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Chairwoman Roukema and Members of the Subcommittee, I am honored to be here today to testify about H.R. 3995, the Housing Affordability for America Act of 2002. My name is Telissa Dowling and I am President of the Resident Advisory Board of the New Jersey Department of Community Affairs (NJDCA). NJDCA administers 19,000 vouchers throughout the State of New Jersey. The NJDCA Resident Advisory Board (NJDCA-RAB) represents the interests of these voucher holders with NJDCA. I have used a voucher to help pay my rent since 1996, I have been a member of the NJDCA-RAB since 1999, and I have been NJDCA-RAB President since 2001.

I am testifying here today on behalf of the National Low Income Housing Coalition. I am a member of the Coalition's board of directors and I am representing its members nationwide who share the goal of ending the affordable housing crisis. My fellow members of the Coalition include non-profit housing providers, homeless service providers, fair housing organizations, state and local housing coalitions, public housing agencies, housing researchers, private property owners and developers, state and local government agencies, faith-based organizations, residents of public and assisted housing, and other people concerned about low income housing.

We recognize that the intent of H.R. 3995 is to expand both rental and homeownership opportunities, as well as to make existing programs work better. We applaud the fact that Chairwoman Roukema and the Subcommittee have devoted significant time, last year and this year, to having hearings about the affordable housing crisis. H.R. 3995 covers a lot of ground

and it is to be expected that there will be some disagreements about whether the policy changes it proposes are the best ways to accomplish the goals that we all share – to make sure that everyone in this country has a decent, safe and affordable place to live.

Housing Need

As the Subcommittee knows, housing affordability and availability are serious problems. According to HUD, 3.8 million unassisted, extremely low income families faced worst case housing needs in 1999.[1] These families, with incomes less than 30% of area median income (AMI), spent more that half of their income on rent or lived in substandard housing. These families are forced to pay too much or live in poor quality housing because there are two million fewer affordable units than there are extremely low income families, while a substantial proportion of the units that are affordable to extremely low income people are occupied by families in higher income ranges.[2]

Our annual study of housing affordability, *Out of Reach*, also describes the gap between what people earn and the cost of housing. There is no place in this country – no county, metropolitan area, New England town – where a person earning the minimum wage can afford the Fair Market Rent (FMR) on a two-bedroom apartment. In my home state of New Jersey, you would need to have three and a half minimum wage jobs to the pay the rent on that modest two-bedroom apartment.

[1] U.S. Department of Housing and Urban Development Office of Policy Development and Research, A Report on Worst Case Housing Needs in 1999: New Opportunities Amid Continuing Challenges, January 2001.
[2] Cushing N. Dolbeare, Low Income Housing Profile, 2001.

Vouchers

Vouchers do help close that affordability gap, by paying rents that would be unaffordable otherwise. Today, 1.5 million low income families are served by vouchers.[3] Choice and mobility are important attributes of vouchers, as tenants can choose where to use their vouchers, and can take the vouchers with them if they move. Such mobility gives families with vouchers the ability to move to neighborhoods where there is less poverty and where they may find improved economic and education opportunities for themselves and their children.

But in a lot of places, people with vouchers are having a great deal of trouble finding a place to live. A study that HUD recently released discovered that the voucher success rate – the percentage of people who received a voucher who actually found a place to live – has gone down since 1993. The national success rate for vouchers was 69% in 2000 for large metropolitan public housing agencies (PHAs). This means that 31% of all families issued vouchers were not able to use those vouchers. The 1993 success rate was 81%. Imagine spending all of those years on the PHA's waiting list only to get a voucher that you cannot even use.[4] This problem with success rates turns cruel in the life of an individual family hoping for a real housing opportunity.

I know of families that have had a great deal of trouble finding housing where they could use their vouchers. They ended up moving far away from their workplaces, effectively needing to pick between housing and jobs and hurting their efforts to improve their economic situations in the long term. That is a horrible choice to have to make.

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[3] Meryl Finkel and Larry Burton (Abt Associates, Inc.), U.S. Department of Housing and Urban Development, Study of Section 8 Voucher Success Rates: Volume I, Quantitative Study of Success Rates in Metropolitan Areas (2001), available at http://huduser.org/publications/pubasst/sec8success.html.

[4] According to a summary of a 1999 HUD report, Waiting in Vain: An Update on America's Rental Housing Crisis, waiting lists were as long as 10 years in Los Angeles and Newark, eight years in New York City, six years in Oakland, and five years in Washington, D.C., Cleveland and Chicago. U.S. Dep't of Housing and Urban Dev't, Waiting Lists Grow While Affordable Housing Shrinks, Recent Research Reports, May, 1999, available at http://www.huduser.org/periodicals/rrr/rrr5_99art1.html.

Voucher Success

We know that there are some parts of H.R. 3995 that are intended to improve voucher success. The bill allows public housing agencies (PHAs) to use 5% of their funds for improving voucher success, such as housing counseling, downpayment assistance for Section 8 homeownership and rental security deposits. While we think giving PHAs the right to use their funds for these kinds of activities is a good idea, it should be limited to PHAs with success rates of 85% or less or with a geographic concentration of voucher holders, so that there is a connection between this special use of the funds and the need.

In addition, the percentage of funds that PHAs can use should be 2% rather than 5%, since the underlying goal is that PHAs use their funds for actual vouchers rather than voucher success activities. If PHAs take advantage of the new policy, they should have to report in their PHA Plans that they are doing so and what kinds of activities they are implementing to improve voucher success. PHAs should not be allowed to reduce the amount of administrative fees being used for voucher program administration to take advantage of this new policy. We also think that the use should not include downpayment assistance, as there are resources already available for downpayment assistance. With limited guidelines established by the legislation in terms of use, PHAs could chose to use the entire five percent on downpayment assistance, even though the underlying problem is low voucher success for rentals. Finally, PHAs should also be allowed to use reserves for the same voucher success purposes when they have low success rates and are not leasing all of their vouchers, but are utilizing all of their budgeted funds. This could happen, for instance, if a PHA has increased the payment standard by a great deal.

Raising the tenant's portion of the rent to 40% of gross income rather than 40% of adjusted income may make more apartments accessible to voucher holders. But the problem is

that making more places available for voucher holders to rent comes only at the tenant's expense – the tenant can pay more of an already small income on rent. Why should tenants shoulder the burden of improving voucher success?

For the past year, National Low Income Housing Coalition has been advocating for several other changes to the voucher program that easily could improve voucher success. One important change we recommend would be to allow PHAs more flexibility to increase their payment standards. HUD's 2000 study determined that 39% of voucher holders were unsuccessful in tight rental markets and that successful voucher holders needed 93 days on average to find a unit in tight markets.[5] If rents tend to be higher in tighter markets, then PHAs would need more flexibility to increase what they pay – the payment standard – to make vouchers work.

Right now, PHAs only have the authority to bring their payment standard up to 110% of FMR without HUD approval. PHAs should be able to go up to 120% of FMR without going to HUD. Certain conditions could be put on that authority, such as allowing the increase only if the PHA has already tried 110% of FMR and still has a low voucher success rate; has to give voucher holders extensions in their search times for a place to live; or there is a concentration of voucher holders in high poverty areas.

HUD could also be required to approve requests for exception payment standards in areas where more than 40% of voucher holders are paying more than 30% of their income for rent and utilities. In such areas, it is clear that market pressures are making vouchers difficult to use and are causing too many tenants to pay too much in rent. An increased payment standard in those cases would lower the rent burden on tenants and increase voucher success.

[5] Finkel and Burton.

We also believe that communities' consolidated plans need to describe the barriers to better voucher utilization and strategies for overcoming those barriers. The proximity between a community's job opportunities and housing opportunities for people receiving welfare assistance would be included in the plan. The community's development of its housing strategies would require consultation between welfare and housing agencies.

Owners of properties developed with funds from the Low Income Housing Tax Credit or HOME, regardless of location, are not allowed to discriminate against tenants because their source of income. But what good is this policy if voucher holders do not know where these properties are located? The HUD Secretary should be required to provide PHAs with an updated list of these properties in the area on an ongoing basis. The PHAs, in turn, should provide the list to families receiving vouchers.

PHAs should also have the authority to increase the payment standard for properties in lower poverty areas that were developed with federal resources through the Low Income Housing Tax Credit or the HOME program. It makes no sense that properties developed with federal resources with the goal of providing low income housing should be inaccessible to people holding a federal rent subsidy intended to give them mobility and choices.

Units rented by voucher holders must meet the federal Housing Quality Standard, but voucher holders may lose the chance to rent units while waiting for the PHA's inspection to give the green light for the unit. While it is important that federal resources are spent on housing that meets a standard of habitability, the requirements regarding the timing of that inspection can be changed to make sure that a housing opportunity is not lost to the voucher holder. There should be increased flexibility so that a building owner can begin receiving payment for the unit prior to an inspection if the PHA has recently inspected the building and a reasonable number of units

without finding major problems. The PHA could inspect the unit within 30 days and the owner would have to agree to make repairs within 30 days after the inspection.

Greater Economic Well-Being

Inadequate, unstable housing makes it hard to achieve stable work for parents and stable schooling for children. The eligibility for programs that provide services to HUD tenants with the goal of improving their economic well-being could be expanded. HUD's Family Self-Sufficiency (FSS) program provides subsidized savings and case management for public housing and voucher tenants seeking better employment opportunities, while the Resident Opportunities and Self-Sufficiency (ROSS) program is a funding competition that provides grants to PHAs, tribal authorities and tenant groups for projects that would help tenants improve their economic situation. Voucher holders should be allowed to participate in the ROSS program. Currently, the program is limited to public housing tenants.

Under FSS, tenants participate in case management with the goal of achieving better employment. As the participants' earnings rise, PHAs take the value of the reduction in the PHAs' portion of the tenants' rent – which is reduced because the tenants can cover more of the rent themselves – and put it into escrow accounts for the tenants. The funds in the accounts are available after five years to participants who successfully complete the program. But all PHAs are limited by law to one full-time service coordinator for the FSS program, regardless of the size of the program; the law should allow for the more than one coordinator, if the funds were available.

Project-based Section 8 tenants, who live in privately-owned, publicly subsidized properties, cannot participate in the FSS program currently. FSS should be extended to project-based tenants. The program could be administered by the owners of the project-based property, if

they choose, or interested project-based tenants whose landlords do not set up the FSS program at the building could participate in the local PHAs' programs.

Enhanced Voucher Policies

The National Low Income Housing Coalition has had an ongoing concern about the displacement of tenants as the result of the termination of project-based housing assistance, either through the prepayment of a HUD-subsidized mortgage or an opt-out from a Section 8 contract, or both. Tenants whose buildings convert from project-based to tenant-based assistance are entitled to "enhanced vouchers." These vouchers have a payment standard that will cover a new and higher rent at the property following the conversion, as long as the PHA finds the new rent reasonable.

The point of providing enhanced vouchers is to prevent displacement, but not all property owners appreciate that tenants have the right to remain in their units following the conversion. While H.R. 3995 has a provision regarding tenants' right to use their enhanced vouchers, we believe that the legislative language could be simpler and more direct about the right of tenants receiving enhanced vouchers to stay in the building.

PHAs can also cause displacement when they insist on re-screening enhanced voucher tenants for eligibility for tenant-based assistance, even though the tenants were presumably suitably eligible for assistance as project-based tenants and the opportunity for re-screening is available only because of the conversion. We are very pleased that H.R. 3995 prohibits this rescreening.

In addition, enhanced voucher tenants – often elderly – may find themselves "over-housed" when the housing converts from project-based to tenant-based assistance, in a unit that was once the right size but is no longer because family members have moved away or died. If

there is unit in the property that is the right size, an over-housed tenant must make a good faith effort to find a unit elsewhere. A tenant who cannot find a unit elsewhere may stay in the existing unit for a year and pay rent as if on an appropriately sized unit.

But after a year, the tenant's portion of the rent will increase to reflect the larger unit and the tenant may need to move from the property and will receive a voucher at the PHA's regular payment standard, rather than an enhanced voucher. We think that over-housed tenants should not be forced to move until an appropriately sized unit becomes available at the property in which they are living, especially as these tenants are likely to be older and more frail than tenants who do not find themselves in this predicament.

H.R. 3995 changes the way over-housed tenants are treated, but we do not think that the protections that are provided are enough and seem to apply more broadly to regular voucher tenants rather than to tenants receiving enhanced vouchers. We think that a tenant in a unit that is too big when the assistance converts from project-based to enhanced vouchers should not have to move until there is a right-size unit on the property and that the tenant's portion of the rent should not go up.

Public Housing

We are concerned that changes proposed in H.R. 3995 relating to PHAs will stifle essential opportunities for tenant participation and input. People receiving assistance from PHAs and their advocates worked hard for these opportunities to become law only four years ago, with the enactment of the Quality Housing and Work Responsibility Act of 1998 (QHWRA). Under QHWRA, PHAs received "the maximum amount of responsibility and flexibility in program administration" but in exchange, PHAs owed "appropriate accountability to public housing

residents, localities, and the general public."[6] H.R. 3995 would undermine the trade-off in QHWRA and reduce PHAs' accountability to their constituents – the residents they serve and the communities in which they are located.

We stand firmly against the proposed waiver of the resident commissioner requirement. Exceptions already exist to the requirement for PHAs with fewer than 250 units or where commissioners are salaried and serve on a full-time basis or where the PHA has provided notice to the RAB about the opportunity for a resident commissioner and has received no response in a reasonable amount of time.[7] We do not feel that the Secretary should have waiver authority for this requirement.

We also oppose the three-year suspension proposed by the bill for the filing of PHA Plans by small public housing agencies, meaning those PHAs with less than 100 units. The PHA planning process is the primary opportunity for residents of public housing and voucher holders, through their resident advisory board, to have meaningful input into the PHA planning process. By legislation and regulation, PHA Plans must address topics relating to PHAs' operations, including needs, resources, admissions, rent determination, operation and management demolition and disposition, and others.

Whether required formally or informally, we can guess that, over the course of three years, PHAs may need to consider and make policy changes relating to some of these topics. But without the planning process, PHAs will be under no obligation to include tenants in their decisions. Tenants and their advocates pushed for a PHA Plan format that would provide guidelines to PHAs for issues they should consider in developing goals, policies and strategies

[6] Quality Housing and Work Responsibility Act of 1998, 42 U.S.C.§ 1437(a)(1)(c)) (1998).
[7] Id., 42 U.S.C. § 1437(b)(2) (1998).

and we cannot think of any reason to suspend the plan or replace it as the vehicle for tenant input.

In addition, depending how the term small public housing agency is interpreted, the three-year suspension could include PHAs with few or no public housing units but significant numbers of vouchers. For example, my voucher administrator, NJDCA, administers approximately 19,000 vouchers but has no public housing units. NJDCA receives substantial federal resources but may be exempted from the plan. Even if it turns out that those PHAs with only vouchers do not fall under the suspension, there are PHAs around the country with fewer than 100 public housing dwelling units but many more vouchers.

In my own experience as a voucher tenant and as president of the NJDCA-RAB, the required planning process has made the administrators who had been out touch with tenants' issues take tenants into account. Administrators had been making changes without understanding the effects on tenants. But the PHA planning process requires PHAs to consider tenants and their needs.

As for the third-party public housing assessment system, the National Low Income Housing Coalition appreciates that innovation requires testing new models and methods. We believe that the testing and implementation of any assessment system should be transparent to tenants and community members, so that their input, as required by H.R. 3995, is based on complete information. As we have already made clear, we also believe that any assessment system implemented should include the input of tenants regarding management and housing quality. We also believe that voucher holders should be involved in the consultation on the development of the assessment system and should have input into the assessment process itself regarding PHA management. Their role is not mentioned in this regard in H.R. 3995.

Along the same lines, new models and methods should receive testing and public input. The development-based subsidies would be something new but would provide a justification for reducing capital funding to public housing agencies. Pulling in private resources for public housing through the project-basing of units may seem particularly appealing in a challenging federal budget climate. The proposal seems to dovetail with the Administration's budget request, which suggests that a program of this sort could make up for a $417 million cut[8] to the Public Housing Capital Fund.

We have several serious misgivings about the proposal put forward in H.R. 3995 and its reason for being. First, we do not think that an untested concept for private financing will be able to immediately make up a significant budget gap in an already under-funded program area. If the Administration's requested cut were enacted, then PHAs would find themselves short of funds starting on October 1, 2002. It is unrealistic to think that this new financing model will be sufficiently well established to fill that gap so quickly. PHAs and lenders would need to become comfortable enough with the concept to try it and the nuts and bolts would need to be developed quickly, leaving it even less likely that communities and tenants would have an opportunity for input into implementation.

We are very concerned about the loss of actual units through this program. It seems ironic that H.R. 3995 provides for the production of units on the one hand and the loss of units on the other hand. The proposal would allow one third or more of units that have been project-based to secure additional financing to later serve unassisted tenants if those units become vacant. The PHA would need to provide additional tenant-based assistance in lieu of the lost project-based units. But, as H.R. 3995 recognizes, there are some communities where tenant-based assistance

[8] The reduction in unrestricted resources is actually $441 million, due to increased set-asides.

is difficult to use, making this trade-off between project-based and tenant-based assistance even more problematic.

The development-based subsidies would also allow the HUD Secretary to terminate the use restrictions on any property where there is a foreclosure, unless there is a purchaser available that would continue the use restrictions or the foreclosure was intended specifically to achieve the termination of the use restrictions. We assume that H.R. 3995 includes this provision because without it, lenders might not feel comfortable enough about their ability to be made whole through foreclosure. But we think that this provision makes the price of putting development-based subsidies into effect – the loss of real units – too high overall. Depending on the timing of the foreclosure and whether a preservation purchaser knew in advance of the possibility of a purchase, the time required to complete a preservation transaction could make the right of first refusal meaningless.

We also have concerns about the HUD Secretary's right, under H.R. 3995, to waive any provision of law or regulation that the Secretary believes to be inconsistent with the purposes of the development-based subsidies. This provision is problematic because it gives the Secretary the authority to override the stated will of the legislative and executive branches.

QHWARA imposed community service requirements on adult residents of public housing[9]. These requirements were discontinued for the 2002 fiscal year through the appropriations process,[10] except for HOPE VI projects, but remain on the books. We object to this requirement and support its elimination, as proposed by Representative Charles Rangel in H.R. 2493.

[9] Quality Housing and Work Responsibility Act of 1998, 42 U.S.C.§ 1437j(c) (1998).
[10] Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act for 2002, P.L 107-73 § 432 (2001).

Many people receive various benefits from the federal government and are not required to perform community service in exchange for those benefits. And public housing tenants live where they live because the challenges of the private market for jobs and affordable housing make other housing inaccessible to them. They should not be forced to work for free just because they could not afford to live somewhere else. The government has made a commitment – while inadequate – to provide housing to people who could not afford it otherwise, just as the government has made a commitment to homeownership through the tax breaks homeowners receive. But homeowners are not required to do community service in exchange for their deduction.

We think that one goal of public housing is to provide people who cannot afford housing on the private market with a stable, affordable place to live, so that those residents will have the foundation to seek to improve their economic well-being. Public housing residents themselves would probably benefit more from broader implementation of Section 3, for instance, which directs PHAs and other organizations receiving public housing and community development funds to provide, as much as possible, economic and employment opportunities to low and very low income people, with a preference for people receiving government housing assistance.[11] But we think that requiring community service squanders the energy of unemployed tenants and of PHAs, in terms of administration, which could be used in more meaningful ways to help tenants move to improved economic circumstances.

HOPE VI

The National Low Income Housing Coalition has had grave concerns about the HOPE VI program and we do not support the straight reauthorization, with expansion of eligibility to

[11] For information about Section 3, see Barbara Sard**,** Outline of How Federal Housing Programs Can Help Provide Employment and Training Opportunities and Support Services to Current and Former Welfare Recipients (2002), available at http://www.cbpp.org/1-6-00hous.htm.

smaller PHAs, which would be enacted by H.R. 3995. Instead, we think that HOPE VI should be changed to better serve existing residents of properties going through HOPE VI redevelopment and to prevent the loss of housing affordable to the lowest income people as a result of the HOPE VI process. Our position paper on HOPE VI reauthorization is attached to this testimony. In summary, reauthorization should require that:

- All residents in occupancy of a public housing development at any time in the one year period preceding the PHA's submission of a HOPE VI application for redevelopment of this public housing and who remain residents of housing administered by the PHA or receive voucher assistance from the PHA throughout the period of redevelopment shall have the right to live in units redeveloped through HOPE VI that are affordable and properly sized.
- PHAs shall abide by the provisions of the Uniform Relocation Act in all instances of displacement of residents that occurs as a result of implementation of a HOPE VI project. Beyond the requirements of the Uniform Relocation Act, relocation under HOPE VI should be conducted in a manner that ensures relocated residents the opportunity to live in an improved environment, which is the purpose of HOPE VI.
- No HOPE VI project will result in a net loss of physical public housing units to the jurisdiction in which they are located. Further, no HOPE VI project will result in a net loss of all housing units in the jurisdiction that are affordable and targeted to extremely low income households.
- HUD should limit approval of HOPE VI applications for redevelopment only of public housing that is indeed "severely distressed" and a clear definition of "severely distressed" should be formulated that reflects the opinions of residents, housing advocates and

leading housing experts. PHAs should be required to provide evidence that a public housing property is "severely distressed" under this definition.

Homeless Programs

We are pleased with the changes proposed to programs for homeless people under H.R. 3995. We support the reauthorization of the Interagency Council on the Homeless, since it is important for agencies with overlapping goals and constituents to communicate effectively. We are also pleased that the Supportive Housing, Shelter Plus Care and Section 8 Single Room Occupancy programs would be reauthorized under H.R. 3995 and that renewals for Shelter Plus Care and Supportive Housing would shift to the Housing Certificate Fund.

We also support the reauthorization of the Emergency Food and Shelter Program (EFSP) and recommend that it remain at the Federal Emergency Management Agency (FEMA) rather than the transfer to HUD sought by the administration. Under FEMA, EFSP funds have made it to the streets quickly to prevent hunger, eviction and foreclosure. HUD's track record with putting out funds does not inspire confidence that the program would continue to run with the same efficiency and success as under FEMA.

Elderly and Disabled Housing

We support the modernization demonstration program for Section 202 properties. We also believe in the value of allowing for service coordinators in housing for people with disabilities.

The 40% Standard and Production

Although the HOME production program proposed in H.R. 3995 was the subject of a prior hearing, our concerns about the 40% standard extend to that program. Under the production program in H.R. 3995, tenants could pay up to 40% of gross income in rent. While the standard

of 40% of adjusted income has been in place for tenant-based assistance, the standard of 30% of income has been the rule when linked to specific units. A tenant with a voucher could choose not to rent a place that would cost 40% of his or her income, but for specific units produced with the HOME production resources under H.R. 3995, *someone* must rent the units or the production effort has been a failure. As the tenants under the production program in H.R. 3995 must be very low income or extremely low income, having them use 40% of their gross income on rent leaves them with little left over for other food, clothes, transportation, childcare and other family necessities.

Conclusion

H.R. 3995 covers a lot of housing policy. We appreciate the chance to explain why tenant participation is crucial, why the loss of public housing units through HOPE VI and the development-based subsidies for public housing will undercut the goals of the production program in H.R. 3995, and how H.R. 3995 could do more to improve voucher success, among other issues. We hope that you will take our concerns into consideration as H.R. 3995 moves forward. Thank you for your time and interest and for the opportunity to speak with you today.

The National Low Income Housing Coalition
Position Paper on HOPE VI Reauthorization
March 2002

The National Low Income Housing Coalition remains extremely concerned about several aspects of the HOPE VI program that were originally articulated in a position paper the coalition developed in 1999. As 2002 is the year in which the statute that authorizes HOPE VI is due to sunset, it is anticipated that Congress will consider its reauthorization before the close of the 2002 session. The occasion of reauthorization offers the opportunity for examination of the problems of HOPE VI and changes to the statute to address these concerns.

NLIHC's concerns with HOPE VI fall into two major categories. The first is what happens to the existing residents of public housing developments that become HOPE VI projects. The second is the contribution that HOPE VI makes to the loss, nationally and locally, of housing that is affordable to the lowest income households. The recommendations that follow address these two issues.

Effect of HOPE VI designation on existing residents.

Although existing residents of a public housing development slated for HOPE VI are supposed to be the intended beneficiaries of the revitalization promised with HOPE VI, only a lucky few actually realize improved housing and economic conditions as a result of the HOPE VI intervention. Not only does this have obvious negative consequences for their material well-being, but making promises to low income people that the federal government is not going to honor feeds cynicism and alienation. Rather than promoting greater citizen participation as HOPE VI intends, disillusioned residents are likely to withdraw from civic engagement.

Therefore, NLIHC recommends that the HOPE VI statute be amended to require the following:

All residents in occupancy of a public housing development at any time in the one year period preceding the PHA's submission of a HOPE VI application for redevelopment of this public housing and who remain residents of housing administered by the PHA or receive voucher assistance from the PHA throughout the period of redevelopment shall have the right to live in units redeveloped through HOPE VI that are affordable and properly sized. The HOPE VI application, the redevelopment plan, and the PHA plan shall all provide for sufficient units to meet this requirement.

These redeveloped units can be located anywhere in the jurisdiction and are not limited to the actual site of the public housing that is demolished. However, this requirement does not preclude a resident from choosing to relocate to other existing public housing or choosing to utilize a housing choice voucher. As implemented, redevelopment shall presume and provide for the potential of all residents in occupancy at any time in the one

year period preceding the PHA's submission of a HOPE VI application and who remain residents of housing administered by the PHA or receive voucher assistance from the PHA throughout the period of redevelopment to choose a redeveloped unit that is affordable and properly sized.

Further, **PHAs shall abide by the provisions of the Uniform Relocation Act in all instances of displacement of residents that occurs as a result of implementation of a HOPE VI project.** Beyond the requirements of the Uniform Relocation Act, **relocation under HOPE VI should be conducted in a manner that ensures relocated residents the opportunity to live in an improved environment,** which is the purpose of HOPE VI. An improved environment means a community with improved economic, employment, educational, social, and cultural opportunities.

Loss of affordable housing stock

In the name of reducing housing density and social isolation of poor tenants, HOPE VI projects usually result in a net loss of housing units overall and always result in a loss of units that are affordable to the lowest income households. At a point when there is broad consensus that the nation has an acute shortage of housing affordable for the lowest income households, for a federal housing program to actually cause further loss of housing stock is unwise policy. The National Low Income Housing Coalition supports a greater measure of economic integration, but believes that it is possible to simultaneously maximize the goals of economic integration and increasing the supply of housing affordable to the lowest income households.

Therefore, NLIHC recommends that the HOPE VI statute be amended to require the following.

First, no HOPE VI project will result in a net loss of physical public housing units to the jurisdiction in which they are located. Second, no HOPE VI project will result in a net loss of all housing units in the jurisdiction that are affordable and targeted to extremely low income households. HUD will not approve a HOPE VI application unless these **two conditions** are met. Sufficient funding should be made available to insure full implementation of this requirement for all HOPE VI projects, even if that results in fewer and more costly HOPE VI projects.

As originally intended, HOPE VI was to address the problem of "severely distressed" public housing. However, "severely distressed" has never been concretely defined and over time, HOPE VI has come to be used for any redevelopment that a housing authority wants to undertake. In order to reduce the potential for loss of viable public housing stock under HOPE VI, HUD should limit approval of HOPE VI applications for redevelopment only of public housing that is indeed "severely distressed."

In order to be able to do that, **a clear definition of "severely distressed" should be formulated that reflects the opinions of residents, housing advocates and leading housing experts. PHAs should be required to provide evidence that a public housing**

property is "severely distressed" under this definition in advance of a HOPE VI application and allow such evidence to be publicly reviewed. Residents of the project in question and other concerned groups should be given the opportunity to respond to any claim by HUD, the PHA or other party that a property is severely distressed. **Penalties should be applied when a PHA has allowed a property to deteriorate in order to gain a competitive advantage in the HOPE VI application process.** Further, the public housing assessment system should require site-specific, yearly reports on the condition of all public housing.